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# ***JPRS Report***

## **East Europe**

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# East Europe

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## INTRABLOC

### Proceedings of Soviet-Romanian Symposium on Cadre Training Described *27000035a Bucharest ANALE DE ISTORIE in Romanian No 6, 1987 pp 120-125*

[Report by Gheorghe Surpat on the proceedings of the Romanian-Soviet Symposium on "The Cadres Training and Improvement Policy in the Light of the Documents of the 13th RCP Congress and the 27th CPSU Congress" held in Bucharest on 114-15 October 1987]

[Text] On the basis of the scientific cooperation convention between the Institute of Historical and Social-Political Sciences [IHSPS] of the RCP Central Committee and the Institute of Marxism-Leninism [IML] of the CPSU Central Committee, a Romanian-Soviet symposium on the topic "The Cadres Training and Improvement Policy in the Light of the Documents of the 13th RCP Congress and the 27th CPSU Congress" was held in Bucharest on 14-15 October 1987. It was the ninth symposium dealing with aspects of the activities of the two parties which lead the work of building socialism and communism in their respective countries.

The Romanian delegation, which was made up of Dr. Gheorghe Surpat, department chief at the IHSPS and head of the delegation, and Dr. Elena Muresan and Dr. Gheorghe Tudor, IHSPS scientific researchers, presented the following papers: "The RCP Concept on the Role of Cadres at the Current Stage of Building the Comprehensively Developed Socialist Society;" "The Organizational System of Cadres Training and Improvement;" "The RCP's Efforts to Train Cadres with a Great Revolutionary Consciousness, Professional Competence, and Moral-Political Attitudes;" and "Principles and Criteria of the RCP Policy of Selecting, Training, Allocating, and Promoting Cadres."

The Soviet delegation, which was made up of Dr. Vasiliy Yakovlevich Bondar, chief of the IML party construction department and head of the delegation, and Dr. Raisa Semionovna Sharavatova, Gleb Borisovich Vishinsky, Dr. Nadejda Dimitrievna Okonova, and Dr. Boris Ivanovich Kudashkin, senior scientific researchers of the institute, presented the papers: "The CPSU Cadre Policy and Its Leninist Theoretical Foundations;" "Democratizing the Cadre Policy Within the Framework of Restructuring;" "Increasing Cadre Requirements as an Important Condition for Consolidating Party Unity;" "The Participation of Basic Organizations in Recruiting, Training, and Promoting Cadres;" and "Improving the System of Cadres Training and Reassignment at the Current Stage."

In his paper, V.I. Bondar described in detail the Leninist principles and criteria used in the cadre policy, which have maintained their entire validity for the current conditions of development of the USSR. The 27th CPSU Congress and the CPSU Central Committee plenums of January and June 1987 gave the party and the people

great tasks concerning the socioeconomic development of the Soviet society. In order to fulfill these tasks, the party organizations have had to intensify their impact on all the economic areas, provide judicious leadership for social processes, and work out new approaches to party activities. As was stressed at the CPSU Central Committee plenum of June 1987, V.I. Bondar stated, the changes that are being implemented cannot be carried out without the active participation of local, soviet, and economic party bodies and of all managerial cadres. This makes all the more important the PCSU's activities in the area of selecting, allocating, and training cadres as an important factor for ensuring the implementation of its political tasks.

V.I. Bondar said that V.I. Lenin viewed the cadres and the selection of people as the key to the success of the entire work. The militant slogan, "The Cadres Determine Everything" helped raise the country to the bold peaks of the first 5-year plans. The entire CPSU history is the history of a genuine shaper of professional revolutionary cadres, of a school for the education of party leaders and of all its members in the consistent struggle for the victory of the socialist revolution and for building a new society.

In the current conditions, the speaker stressed, the requirements concerning the level of ideological training, professional competence, and political and moral maturity of the cadres are increasing. Along this line, success depends primarily on how fast and how profoundly the Soviet cadres perceive the need for changes and on how creatively and firmly they implement the party line. Improving the cadre work and strictly observing the Leninist principles of selecting, allocating, and training cadres is one of the basic conditions for resolving the important and complex tasks facing the Soviet peoples.

The CPSU Central Committee draws on the Leninist tradition in dealing with the cadre policy amid conditions of fast socioeconomic development of the country, V.I. Bondar said. This tradition envisages special requirements concerning the political, professional, and moral traits of the cadres: loyalty to the cause of the party, socialism, and communism; the ability to implement the party policy in keeping with the revolutionary theory, to act from party positions, to rely on the masses, understand their mood, and listen to their views; great professionalism, a talent for work organization, qualifications, practical experience, and ability to cooperate with people; initiative and reasoning powers, creativity, ability to adapt rapidly to new tasks and issues, and independent action; responsibility for the task entrusted to them; compatibility between words and actions; faultless morality, discipline, honesty, and modesty; self-demandingness, sense of justice, etc.

In order to achieve those objectives, the CPSU strives to overcome and eliminate negative phenomena from social life and cadre work, and pursues the Leninist line

in promoting the representatives of the workers class to leadership positions and allocating and transferring cadres in keeping with the interests of the state and of the cause of socialism; periodically transferring cadres from one job to another; more extensively involving people who are not party members in leadership positions, something that contributes to intensifying trust in the party and rallying the masses around the CPSU; harmoniously blending the experience of older cadres with the involvement and promotion of young, energetic organizers in leadership work; and systematically replenishing the corps of leadership cadres with capable people.

In the matter of cadre work, V.I. Bondar concluded, the CPSU has followed and continues to follow the Leninist principle of equality among cadres of various nationalities and from various republics, which must be appropriately represented in the various party bodies in the soviets and in the economy.

In her paper, R.S. Sharavatova emphasized that, in the current conditions of expanding socialist democracy, the CPSU pays special attention to improving and democratizing the cadres policy, which it views as a decisive means of achieving its program tasks and as a tool for implementing the political leadership of the society and for mapping out and implementing the strategy of developing socialism.

The author stated that at the current stage the democratization of the cadres policy involves consistently asserting and implementing the Leninist principles concerning the selection, allocation, and education of cadres; overcoming stereotypes and stagnation;; and taking measures capable of ensuring the process of rapid development of socialism, an objective that depends on the existing and future cadre potential.

R.S. Sharavatova then stated that the CPSU implements its cadres policy in a manner designed to effectively utilize the strong potential built during the years of building socialism, which provides favorable conditions for supplementing and replenishing their ranks. Along this line she stated that during the 1970-85 period the number of specialists with a higher and average education employed in the national economy doubled. By the end of 1986 they made up 33 million, of which 15 million were university graduates. Currently, each fourth person employed in the national economy has a higher or average education. The USSR also has an increasing number of scientific researchers.

In her paper, R.S. Sharavatova stressed that the general implementation of the principle of cadre eligibility constitutes the main direction of the democratization of the cadres policy and a powerful tool for resolving cadre issues. At the same time, the democratization of the cadres policy is directly linked to increased supervision of the work of leadership bodies. The CPSU Central Committee plenum of January 1987 stressed the need for a more efficient cadres control and for consistently

implementing the Leninist requirement that the work of the leadership bodies be open to the inspection of the masses. Along this line, an important role in party and society life is played by the fact that elected and appointed leaders report to the working collectives on their activities. Thus, the working people can fully exercise their right to examine the activities of the leaders, and can even recommend that incapable or compromised leaders be released from their position.

She also pointed out that the process of democratization is a complex and contradictory process in respect to the cadres policy, too, and that it is still at its inception. There are cadres who have still not grasped the essence of restructuring, who are afraid of anything new, and who cling to the old style of working and living. The broad development of democracy is an efficient means of resolving the contradiction between the requirements of rejuvenation and creative initiative on the one hand, and conservatism on the other.

The speaker concluded by stating that the CPSU Central Committee plenum of January 1987 once again emphasized that the party, state, and civic cadres must learn how to work amid conditions of unfolding democracy and increased party activism, must learn new forms and methods of working, and must view the new situation in the society creatively.

In his paper, G.B. Vishinsky stated that currently the CPSU cadres policy is faced with the problem of "not merely improving cadre work, but radically changing it." This process is necessary, according to the speaker, because the party proceeds from the reality that the working style of a considerable number of party, state, and soviet workers was shaped during the period of extensive development of the economy, and therefore, in their activities, certain leadership qualities were relegated to the bottom of the list. Such qualities are: the ability to realistically appraise a situation and to generate new ideas and approaches on the basis of profound theoretical knowledge and practical experience; creative initiative; and the ability to promote one's own views through explanatory work and to mobilize people toward a common, democratically established goal.

Examining the qualitative traits of the new cadres, the speaker specified that such cadres have a high level of training. This is very important because the transition to an intensive type of economy requires a profound professionalism and an extensive economic and technical education. The political education of the cadres is not a fact established once and for all. Its appraisal criteria are continuously modified because, on the one hand, more is required of the cadres and, on the other hand, the basis of information of political education, i.e., the Marxist-Leninist teachings, is developing.

Proceeding from the dialectical relationship between the unity of the party and the party cadres' work to continuously strengthen this unity, the speaker stated in concluding that all the party cadres must understand that

strengthening party unity is a dialectical process that—as increasingly more is expected of the party as the leading political force in the society—must be continuously rejuvenated and raised to increasingly higher levels.

The fourth Soviet speaker, N.D. Okonova stated that the responsibilities of basic party organizations for selecting, assigning and training cadres are increasing at the current stage. The party organizations are responsible for implementing the constitutional provision according to which the "working collectives participate in training and assigning cadres." In point of fact, as a rule, the working collectives are the medium in which begins the training of leadership cadres of all levels, not only in the economy, but also of party, trade union, youth, and other cadres.

The 27th CPSU Congress, the speaker stressed, made substantial additions to the provisions of the statute concerning the basic organization as the political nucleus of the working collective. A provision was for the first time included in the statute according to which the basic organization actively participates in implementing the cadres policy. As the entire Soviet economy shifts to the principles of self-management and self-financing, managers are required to possess not only a many-sided education, in-depth knowledge, and absolute competence in matters of production, but also a new level of economic thinking, an understanding of teaching and psychology, and the ability to search for and use working methods suitable to conditions of fast socioeconomic development.

Dealing in detail with the means available to the basic organizations and working collectives for implementing a thorough cadres policy, the speaker emphasized the importance of cadre eligibility at all the levels of political, economic, social, and cultural activities. However, expanding the bases for cadre eligibility is viewed as a complex process with broad implications and responsibilities and therefore, it must be accompanied by intensive political-organizational activities by party bodies and organizations, and by a correct understanding of the fact that managerial cadre eligibility in working collectives does not imply slackening, but on the contrary, it implies strengthening the principle of centralized leadership, increased managerial prestige, and at the same time, increased responsibility for the work entrusted to one.

Proceeding from those requirements, the speaker listed the main means by which the party organizations and collectives of working people can supervise the managerial cadres. Some of the important means are: managers are obligated to periodically present activity reports, the working collectives verify the description of the activities carried out by the management cadres, lists of positions are established for which promotions and remaining in the job require the approval of party organizations and working collectives, party meetings and working collectives discuss cases of managers responsible for failure to fulfill plan tasks, and higher

echelon party and administrative bodies must inform the party organization and working collectives of the reasons for which they replace the managers of the respective units.

In concluding, the speaker stressed that currently cadre work involves increased requirements. A manager must be rated not so much by whether he is suited to his job, but by his capability and potential to ensure the rapid development of the enterprise in the future and to mobilize the working people to attain the loftiest objectives.

In his paper, B.I. Kudashkin presented the evolution of the organization of political party education in the Soviet Union. The major landmarks listed were: the establishment in 1911 by V.I. Lenin of the first party school for communist (bolshevik) cadres near Paris; the development, as of the first years of building socialism, of a network of institutions for party education; the establishment in 1946 of the Academy of Social Sciences and of republican, regional, and local party schools, under a decision of the CPSU Central Committee decision; and the introduction in 1967 of a system of retraining party and state activists for reassignment. An important point for the reorganization of party education and for more closely linking it to practical experience was marked by the CPSU's adoption of a document entitled: "On Improving the Political Party Studies of Leadership Cadres in the Light of the Decisions of the 27th CPSU Congress."

The speaker then presented the organizational forms in which higher party education will in the future proceed, especially the new forms of training and reassignment introduced this year. Thus, the Academy of Social Sciences has a new form of training leadership cadres: instead of sections featuring 2 and 3 year-courses, there is now a section with and without class attendance. Course attendance is not required in the first 2 years of studies, only in the third, and the student is not released from his job. Promotion to the third year depends on the results obtained in class and on the job. The main task of this section is to train reserve managerial material at republican, regional, and local level, as well as at the level of the CPSU Central Committee apparatus and the central ideological organizations.

Similarly, the Academy of Social Studies now has an Institute of Scientific Research and Dissemination of Party Work Experience, whose function is to coordinate the activities of higher party schools and to make sociological studies concerning the entire party; a publishing house for textbooks and scientific and methodological literature; and a computer center for education and research. Important changes have also been made in the activities carried out by the Marxism-Leninism Universities attached to district and town party central committees, whereby emphasis is put on examining theoretical issues in close connection to life and the realities prevailing in the Soviet Union.

The papers presented by the Romanian delegation were designed to present a comprehensive picture of the experience gained during the period of socialist revolution and construction in matters concerning the training, assignment, and promotion of cadres, and the new requirements and needs established by the 13th party congress in this important area of activity. Along this line, Gheorghe Surpat described the RCP concept concerning the role of cadres at the current stage of building the comprehensively developed socialist society, and the institutional system of organization and training of party, state, mass, and civic cadres.

Stressing that a large number of party and state leadership cadres and cadres for the economy and the entire social-political life were shaped in the process of building socialism, the speaker presented the RCP's cadres policy as it is laid down in the RCP Program and Statute, in the documents of the party congresses, national conferences, and Central Committee plenums, and in the law on the professional training, employment, and promotion of workers in socialist units. The speaker said that the RCP is consistently concerned with ensuring an appropriate social structure of cadres, reflecting the role and position of each social class and category in the society, so that all the cadres should meet the professional, political, ideological, and ethical-moral conditions required by the current stage of building the comprehensively developed socialist society, should be under the permanent supervision of the party and the masses, and should be accountable to them for the fulfillment of their tasks.

Elena Muresan presented the role of political-ideological education within the activities carried out by the RCP to train cadres with a great revolutionary consciousness, professional competence, and moral-political attitudes. On this basis, she pointed out the contribution made by political-ideological education to ensuring that the party and state cadres and all the working people adhere to the RCP's political line, the party and state decisions, the law, and the special and priority programs adopted in each area in order to update the production processes and improve labor organization, and to disseminate the intensive factors of economic development. The speaker also stressed that through political-ideological education the cadres, party members, and other working people acquire communist working and living attitudes, progressive social attitudes, and a militant spirit against certain retrograde phenomena.

The last report was presented by Gheorghe Tudor, who spoke about the principles applied by the RCP at the current stage in its policy of selecting, training, and promoting cadres. Along this line he emphasized that: the RCP leads the entire cadres policy, especially selecting and promoting cadres from among the workers class; the cadres policy judiciously combines the experience and maturity of older cadres with the enthusiasm of younger cadres; a large number of women are promoted to responsible positions in proportion to their presence in the society; the cadres policy ensures a correct

national representation and broad democracy in the policy of selecting and allocating cadres; the principle of cadres rotation is strictly implemented; and cadre and party aktiv reserves are trained.

Debates took place on the Romanian and Soviet papers presented at the symposium, which contributed additions, specifications, and new elements. The debates proceeded in the working atmosphere characteristic of a spirit of close cooperation.

Both at the beginning and at the end of the symposium the Soviet delegation was received by Comrade Ion Popescu-Puturi, the IHSPS director, who pointed out the usefulness of bilateral Romanian-Soviet symposiums. The two sides also emphasized the valuable results of the Romanian-Soviet scientific meeting, which continues the tradition of good relations between the IHSPS and the MLI and which made new contributions along this line.

The IHSPS director stated that each stage of the extensive process of building the socialist society had its characteristic features stemming from the specific conditions of the respective historical moment. The transition to a new and superior stage, such as is now occurring in our countries, shows that certain methods and practices have become obsolete and must be replaced by others, more appropriate to the new realities. By whatever name they may be known—restructuring, modernization, improvement, etc.—these rejuvenating processes basically reflect one and the same phenomenon. What is important for us, as historians, is to highlight the features that reflect the superiority of socialism over capitalism.

Our symposiums allow us to brief each other on the issues taken into debate; subsequently, through publications like ANALE DE ISTORIE and VAPROSI ISTORII KPSS, we inform our party cadres, thus achieving an exchange of experience useful to all.

The most topical and general issue, Comrade Ion Popescu-Puturi continued, is cooperation not only among the socialist countries, but also with the capitalist world. Mankind has reached a stage when the fate of countries and nations can no longer be viewed separately, according to social system, but must be viewed globally. Both the level of economic relations, which have created such a situation of mutual dependence in world economy that no system is independent of the other, and especially the destructive potential stored in nuclear arsenals urgently require a new approach to the problem of the relations and cooperation among states, and a new manner of thinking. Such new thinking and actions must not be based on the search for new means of destruction, but on the search for means of broad cooperation among all the states and nations. Along this line, the IHSPS director recalled the view of the founders of scientific socialism, according to which military technology will reach a level that will make war impossible. Currently, the huge

stockpiles of nuclear weapons existing make it necessary to approach the issues of war and peace realistically, and to proceed from the fact that the existence of nuclear arms constitutes a great threat to life on our planet.

In our times, the global resolution of economic and financial problems requires the achievement of a new world economic and political order. As is known, our party has for many years struggled along this line, concerning both economic and political relations that can ensure the stability and harmonious development of the international economy and life.

Referring to the criticism leveled at socialism by capitalist ideologues, the IHSPS director stated that the realities prevailing in countries whose social system is based on exploitation bring one to the conclusion that the transition to a socialist society, effected according to the specific conditions of each country, is a historical necessity, because socialism is the only system that genuinely ensures progress.

As for the topic of our next symposium, it must be one that will give us an opportunity to present the policies of our parties and their role at the current stage of speeding up the intensive economic development of our countries.

12782

## ALBANIA

### Alia Receives Ecuadoran Ambassador

AU302003 Tirana Domestic Service in Albanian  
1900 GMT 30 Jan 88

[Text] Comrade Ramiz Alia, chairman of the Presidium of the People's Assembly, today received Carlos Uribe Laso, ambassador extraordinary and plenipotentiary of the Republic of Ecuador, who presented his credentials.

The ceremony was also attended by Foreign Minister Reis Malile and by Sihat Tozaj, secretary of the Presidium of the People's Assembly.

0049

## POLAND

### Commentary on Yeltsin Affair Notes Continuance of Restructuring

26000080b Warsaw PRAWO I ZYCIE in Polish  
No 47, 21 Nov 87 p 12

[Article by Andrzej Krzemieniecki: "Yeltsin Leaving, Perestroika Stays"]

[Text] In the West tremendous importance was attached to this event, and in this country too it has not passed unnoticed. The resignation of Boris Yeltsin from the post of first secretary of the Moscow CPSU Committee, following a tumultuous discussion during the plenary

deliberations of the CPSU Central Committee on 21 October, was definitely not an ordinary event, the more so considering that Yeltsin is in addition a candidate member of the Politburo.

It would besides be strange for the departure of a politician of such importance not to elicit interest—a politician, moreover, who is reputed to be one of the most radical and most eloquent champions of democratization. There is thus nothing surprising in that the most improbable guesses started to circulate among reporters. As usual in such cases, the emissaries of Western press divided the party leadership into supporters and opponents of the reform and reported on heated disputes and a grave defeat suffered by Gorbachev's policy, and also that the Secretary General had to bend to the pressure of those opposed to the perestroika. At first glance, it seemed that these reporters were reasoning logically: since a politician who supported change so energetically is departing, therefore....

In such a situation it is no easy task for the representative of the highest party authorities to face a mob of correspondents avid for facts and sensations. Yet, Aleksandr Yakovlev, Central Committee secretary and Politburo member, did not lose his balance. Bombarded on 4 November, at the Moscow Press Center, by a veritable hail of loaded questions about the reasons for Yeltsin's resignation, he answered with Olympian calm, "Formerly such an event used to be exceptional, but now you must get accustomed to the new situation."

The glasnost was surprising, even to Western reporters. After decades of stagnation and ostentatious unanimity, writing and talking publicly about issues of concern to people still elicit disbelief. And as for the issue discussed here, it stirred not only the Muscovites.

Yakovlev discussed Yeltsin's speech during the plenum and his criticisms of the style of work of the leadership, commenting that "Many Central Committee members did not agree with Yeltsin's assessment." Thus this comment was one of the manifestations of the glasnost referred to by the Soviet leader in his anniversary speech of 2 November: "We should not dread an open posing of difficult problems of social development, and we should criticize and dispute. For this is precisely how truth is born and just decisions are taken."

The Central Committee Secretary also announced during that press conference, that the resignation request would be considered by the plenum of the Moscow CPSU Committee. On 11 November, according to a TASS communique, that body "relieved B. Yeltsin of his duties owing to major shortcomings in leading the Moscow city party organization."

On listening to the reactions to that communique, one cannot resist reflecting that restructuring in the Soviet Union is taking place at a more rapid rate than the rate at which doubts and apprehensions are disappearing. On

observing the events of the last 2 years and bearing in mind our own Polish experience, we have more than once been asking ourselves about the chances of perestroika. One reflection of these apprehensions is that changes are being identified with the fate of individual politicians, and perestroika itself is identified with Gorbachev's name.

It is not possible to wholly negate this point of view, but a slavish adherence thereto narrows the field of vision, for it obscures the real picture of institutional and political changes. Yeltsin is gone, yet his departure has not resulted in the abandonment of the planned liberalization of electoral laws and reform of penal law to abolish internal exile and drastically curtail the death penalty. His departure [does not affect such gains as] a controversial press, the decree on suing officials who infringe upon the rights of citizens, the commission which is to rehabilitate victims of Stalinism, and the embryonic private economic initiative.

Much has already been said about opponents of changes in the USSR. Gorbachev, too, mentioned them in his speech on 2 November from the podium of the Kremlin's Palace of Congresses when he referred to "a certain strengthening of the resistance of conservative forces which perceive perestroika as a threat to their selfish interests and aims."

But this conclusion was accompanied by a completely new tack—that of the need to defend the reforms against the excessive enthusiasm of their supporters. "We should not either," the Secretary General declared, "submit to pressure from overzealous and impatient individuals who ignore the objective logic of perestroika and display discontent at the sluggish, in their opinion, pace of changes, at their alleged failure to bear fruit rapidly. It should be understood that stages cannot be leaped over and not everything can be accomplished at once."

Having become the head of Moscow's party organization in December 1985, the 56-year-old Yeltsin, a dynamic party activist from Sverdlovsk in the Urals, did a great deal in order to, as he himself declared in October of that year at a meeting with diplomats, "stir up the dormant and complacent city that Moscow has become." An account of that meeting, published 3 weeks ago in MOSKOVSKIYE NOVOSTI, includes as it were a balance sheet of Yeltsin's accomplishments: far-reaching personnel changes (complete replacement of the membership of the Moscow party committee and of 40 percent of its apparatus; replacement of 23—out of 33—district party committee secretaries, replacement of 36 percent of officials in the municipal council); the struggle against corruption and nepotism; and constant and mostly unannounced inspection visits of the city party committee secretary to stores, work establishments, and institutions.

In speaking of major shortcomings in Yeltsin's work the members of the plenum of the city party committee of a certainty did not mean his indisputable accomplishments; rather, they meant what Gorbachev terms "disregard of the objective logic of perestroika"—impatience and a style of work consisting in attempts "to accomplish everything at once." This may sometimes be an effective style of work, but it is not so always, because it at times ignores the realities and generates unnecessary conflicts and tensions. And the number of these new tensions in the city was quite large.

We thus approach the heart of the matter, which in the last few weeks has attracted so much attention. For this concerns a difference in opinion not about strategy but about tactics, and the issue is not whether changes should be made but how they should be made. This also concerns style of work and excessive ambition.

The Soviet restructuring, to which we too link great hopes, is governed by the same laws as those governing the changes occurring in Poland, Hungary, or China. Nowhere are they taking place in a social vacuum, and nowhere can they occur in the absence of conflicts, slowdowns, and accelerations. In this connection this is not, unfortunately, a 100-meter race but a marathon whose duration is reckoned in many years. In such a contest, sprinters get rapidly exhausted.

1386

#### Commentary on Soviet Glasnost, Perestroika in Veterans' Weekly

26000080a Warsaw ZA WOLNOSC I LUD in Polish  
No 45, 7 Nov 87 pp 1, 3

[Article by Bohdan Rostropowicz: "Reflections on the 70th Anniversary of the Great Socialist October Revolution: For More Socialism!"]

[Excerpts] The Great Socialist October Revolution, whose 70th anniversary comes on 7 November, is the most important event not just in the 20th century but in the history of mankind in general. What matters most is that it signaled a turning point. For this was not, unlike in the past, a revolution resulting in the deprivation of the power of one exploiting class by another, taking its place. Previously, only the ruling classes changed, while exploitation relations remained. The Great October Revolution was a fundamentally different kind of revolution. It deprived exploiting classes of power on an area equal to one-sixth of Earth's surface, expropriating them and sweeping them as with a broom out of the arena of history. And for the first time in history, power was seized by the previously exploited classes—workers and peasants.

This entire and just march forward, this entire development process which has brought tremendous advances to the Soviet peoples, has also entailed mistakes, even

serious mistakes. Extremely grave distortions and deformations took place. Deviations from Marxist-Leninist principles occurred. They were due to both objective causes and subjective views, stances, and behavior, and also to the character traits of particular individuals—not just of Stalin alone.

Did these factors weaken the Soviet state? Did they hamper its growth? Of a certainty yes. The development road of the Soviet state was neither easy nor simple nor smooth. It was full of potholes and tortuous.

It is worth noting that the party of Soviet communists has already more than once succeeded in eliminating the negative aspects of the development process. This points to its intrinsic strength, to the force of the ideology guiding it, to the inner belief in the validity of the goals postulated, to inner will and determination to fight against evil and against what hobbles development. This points to the indomitable will to advance—despite the piling-up of difficulties.

For what else than this can account for the "przebudowa" [perestroika] undertaken in the Soviet Union by the communist party—for the unusually broadly conceived transformation of all domains of life?

This is not abandoning socialism, contrary to what some think or would like to happen. What is being reformed is not socialism but the system within which socialism is being translated into reality. The Soviet perestroika is taking place, so to speak, within socialism and on the basis of its principles by restoring these principles where they have been deviated from, by attaching proper importance to its values and utilizing them. The perestroika is taking place under the general slogan, "More Socialism!" Now, more socialism means a broad strengthening of the concept of public ownership and greater social justice and rule of law, more democracy, and openness [glasnost] of political life. More socialism also means that laboring people can be masters of their fate to a much greater extent than heretofore. It also means a more efficiently performing economy and, as a result, a consistent and tangible rise in the living standards of the society.

The perestroika taking place in the USSR is justly defined as a revolutionary process. For in that country continue the deepening of revolutionary tasks and the perpetuation of the ideas and principles of a new system of society which shone as a guiding light above the victorious October 1917.

1386

**Kielce Defense Committee Meets**  
26000079a Warsaw TRYBUNA LUDU in Polish  
25 Sep 87 p 3

[Unattributed article—PAP report]

[Text] On 24 September the Kielce Voivodship Defense Committee met. The functioning of civil defense in the region and problems of patriotic-defense education of

youth were discussed. Participating in the deliberations was Politburo Member and Chairman of the Central PZPR Control and Audit Commission Włodzimierz Mokrzyszczak.

1386

**Defense Committee Meetings Reported**  
26000079d Warsaw ZOLNIERZ WOLNOSCI in Polish  
25 Nov 87 p 2

[“Voivodship Defense Committees Deliberate”—PAP report]

[Text] (A) Voivodship defense committees in Warsaw, Lublin, and Krosno held meetings. The Warsaw WKO [Voivodship Defense Committee] considered, among other things, problems of the peril to natural environment created by industrial chemicals and radioactive products in the event of a breakdown of industrial or transportation facilities. The session was attended by Arms General Jerzy Skalski, member of the National Defense Committee.

The Krosno WKO discussed aspects of improving cooperation with the Presidium of the Krosno Voivodship People's Council.

The Lublin WKO examined the winter preparations of the voivodship's economy, with special consideration of the fuel and energy balance.

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**Effort To Standardize Measurement Technology With USSR**  
26000076b Warsaw ZYCIE WARSZAWY in Polish  
28 Oct 87 p 1

[“Joint Polish-Soviet Association: ‘Vis-Kalibr’”—PAP report]

[Text] Moscow. According to TASS, the “Vis-Kalibr” Joint Soviet-Polish Research-and-Production Association has already commenced operating. This is the first Soviet-Polish association concerned with measurement technologies.

Last September a group of specialists from the Moscow KALIBR Factory arrived at the Swierczewski Works in Warsaw in order to unify the design of the measuring equipment produced. In November Polish engineers will travel to KALIBR.

1386

**Clarification of Laws Governing Foreign Currency**  
*26000076e Warsaw RYNKI ZAGRANICZNE in Polish*  
*14 Oct 87 p 8*

[Article by Jerzy Szydlowski: "Foreign-Exchange Regulations for Foreign Enterprises" subtitled "Expert Clarification"]

[Text] Certain foreign trade agencies have been reporting on problems in interpreting the foreign-currency regulations governing the clearing of accounts with foreign enterprises and shareholders operating pursuant to the Decree of 6 July 1982 on the Principles for the Operation of Small Industry by Foreign Legal Entities and Persons on the Territory of the Polish Republic (standard text of the Decree in DZIENNIK USTAW, Item 58, 1985), and requesting clarification. In this connection, let us elucidate certain problems.

Legal entities and individuals with permanent residence abroad, which or who establish sole-owned companies with a seat in Poland, are referred to as "foreign economic subjects" in the abovementioned Decree. But pursuant to the Decree of 22 November 1983 on Foreign-Exchange Law (DZIENNIK USTAW, Item 288, No 63, Article 2, Point 5), their status is that of domestic residents from the standpoint of the foreign-exchange law.

Foreign economic subjects may engage in economic activity on their own behalf as well as participate in joint stock companies together with Polish economic subjects.

Economic activities relating to light industry and consisting in, among other things, exports of own products and services and imports of products and services for this purpose require a permit from the minister of foreign trade.

Foreign enterprises may sell imported goods and services through the mediation of the state enterprises designated to handle sales in convertible currencies on the territory of the PRL [Polish People's Republic]. In addition, they have the right to 50 percent of their export revenues following the sale of the other 50 percent to the Polish foreign-exchange bank.

Income from exports is construed as documented funds in convertible currency deposited in the enterprise's account at the Polska Kasa Opieki, S.A., Bank, and deriving from the export of goods and services as well as from the sales of the goods and services imported by the enterprise through the mediation of the state enterprises authorized to conduct sales in convertible currencies on Polish territory.

Expenditures on imports are construed as documented payments from the enterprise's account in the Polska Kasa Opieki, S. A., Bank for purchases abroad or, in internal exports [purchases of scarce goods with dollars inside Poland], for purchases in convertible currencies of

raw materials, semifinished products, spare parts, and services to support production and service activities, and also as payments for the attendant costs of transportation and insurance, as well as payments for the services of Polish foreign trade enterprises in mediating imports or exports.

**Borrowing**

Foreign enterprises may, upon adhering to the regulations of the foreign-exchange law and the bank law, borrow from foreign banks. In cases in which a shareholder in a foreign enterprise is a domestic organization of the socialized sector, and borrowing may entail an obligation on the part of the Polish shareholder in the form of the provision of collateral, a permit from the minister of finance is also required.

The owner or co-owner of the enterprise whose permanent residence is abroad may wish to grant financial credit to the enterprise, or lend it raw materials for production. In such cases there are no contraindications for the acceptance of credit by the enterprise, provided that, from the economic point of view, the credit terms are not explicitly in conflict with Polish regulations and the state's foreign-exchange interests. Sometimes this may be a donation, e.g., in the form of raw materials. According to the interpretation of the Ministry of Finance, in the light of Article 30, Point 1, of the Foreign-Exchange Decree, no foreign-exchange permit is required for the acceptance by a domestic person or entity of a material donation from a foreign person or entity. However, an import permit from the Ministry of Foreign Trade, applicable to the procedure for foreign trade, is still required.

**Payments for Imports**

There also occur instances in which foreign enterprises, when ordering imports, propose to pay for these imports from the foreign bank account of the owner, or to clear their export accounts by importing machinery for their own needs.

It should be explained that payments for imports handled by a Polish foreign trade enterprise on behalf of a foreign enterprise doing business in Poland may be made from the owner's foreign bank account. In such cases imports may be in the nature of material contributions by the foreign owner and are in the interest of the Polish economy, because then the convertible currencies kept at the Polska Kasa Opieki Bank, Inc., are not used to pay for such imports and remain in this country. Such a form of payments does not conflict with the aforementioned Decree of 6 July 1983 and with the Ordinance of 12 November 1983 of the Minister of Finance Concerning Foreign-Exchange Permits for Foreign Enterprises and Joint Ventures (MONITOR POLSKI, Item 229, No 39).

So far as the clearing of export accounts in the form of imports of machinery is concerned, this approach is in the nature of a compensation payment, and transactions of this kind are governed by the regulations and provisions concerning compensation payments with respect to, in particular, foreign trade organizations.

#### Through the Mediation of the Polish Bank

Article 23 of the Foreign-Exchange Decree stipulates that domestic residents are obligated to use domestic Polish foreign-exchange banks as mediators for collecting payments abroad and making payments abroad; any exception to this provision requires a foreign-exchange permit.

The fact that the export-import accounts of foreign enterprises are handled by and through the mediation of a Polish foreign-exchange bank, which includes making payments, and cash payments as well, implements the provision of Article 23 of the Foreign-Exchange Decree. Hence also the Ministry of Foreign Trade does not grant to foreign trade organizations foreign-exchange permits for making payments abroad from the export-import accounts of foreign enterprises, inasmuch as, pursuant to Paragraph 17 of the Ordinance No 6 of 6 February 1985 of the Minister of Foreign Trade Concerning General Foreign-Exchange Permits for Foreign Trade and for the Services Relating to That Trade (DZ. URZ. MHZ, Item 7, No 4), foreign-trade organizations are in general authorized to collect and make payments through the mediation of the Polish foreign-exchange bank.

#### Foreign-Exchange Payments

Considering that foreign trade enterprises have the status of domestic residents, they need no permit for disposing of domestic currency in Poland's domestic trade, provided that they adhere to foreign-exchange regulations. The related restrictions concern payments specified in Paragraph 5, Points 1-4, of the aforementioned Ordinance of 12 December 1983 of the Minister of Finance. Payments should be settled by all foreign trade enterprises in convertible currencies or in zlotys deriving from documented exchange of these currencies. This also concerns the issue of settling payments in convertible currencies when paying through the mediation of Polish foreign trade organizations for capital goods with the foreign exchange owned by the owners of foreign enterprises.

It is a general principle that, when settling their accounts, foreign enterprises are billed by the state foreign trade enterprises for all the expenditures of foreign exchange on, e.g., transportation. In the event, however, that a domestic producer (the foreign enterprise) ships goods with its own means of transportation, the state foreign trade enterprise can charge him a fee in foreign exchange for only those elements of the transportation cost that were actually paid in foreign exchange.

#### FRG, Polish Talks on Food Economy Development

26000076f Krakow *GAZETA KRAKOWSKA* in Polish  
1 Oct 87 p 2

[Article by (tor): "Minister Ignaz Kiechle in Krakow: Cooperation Between Poland and the FRG in the Food Industry"]

[Text] (Own information) On the next day of its visit to Poland, the delegation of the FRG Ministry of Food, Agriculture, and Forests toured Krakow. The delegation was headed by Federal Minister Ignaz Kiechle. It was accompanied by PRL Minister of Agriculture, Forestry, and Food Industry Stanislaw Zieba. The guests from the FRG toured Krakow and familiarized themselves with the traditions and cultural accomplishments of the ancient capital of Poland. They also toured the salt mine in Wieliczka.

In the afternoon talks were held with the participation of Director of IGLOOOPOL ZRP in Krakow Dr Eng Kazimierz Kotwica, Director of the Institute of Zootechnics Dr Jozef Krupinski, and Deputy Mayor of Krakow Wieslaw Woda. The talks concerned details of Polish-West German cooperation in propagating biotechnology and the latest accomplishments of the agricultural and food industry. The Krakow talks represent a particularized corollary of the new forms of cooperation between both countries, especially as regards modern agricultural and food-industry technologies.

1386

#### GDR, Polish Border Trade Flourishing

26000076d Koszalin *GLOS POMORZA* in Polish  
2 Oct 87 p 4

[Article by (i.): "Without Foreign Exchange and Without Mediators" subtitled "For the Market"]

[Text] Customers at the Voivodship Internal Trade Enterprise (WPHW) in Koszalin are surely bound to see various goods produced by our western neighbor. There is nothing surprising in this; imported goods are nothing exceptional in our stores. But not everyone is aware that such GDR products as cotton pantyhose for children and adults, curtains, trampki [rubber-soled sports canvas shoes], tennis shirts, underwear, and many other products are being sold in our voivodship without mediation by foreign trade agencies. They are imported as part of the so-called cross-border barter trade.

For 3 years now the Koszalin WPHW has been cooperating with a like enterprise in Pasewalk (Neubrandenburg District). The principle is simple: barter. Both parties must meet the same condition, namely, that of

selling to the partner only those goods which are in abundance in one's country. The point is that this particular kind of export should not empty store shelves in one's own country.

In this country, goods that already are available in the trade network can be used for border trade, and this also applies to goods ordered by the WPHW directly from the producers. Such orders are placed by the WPHW on the basis of a list of goods selected by representatives of the GDR partner at, e.g., Polish trade fairs or subsector exhibitions. The goods subject to border trade are exempt from customs duties.

The purpose of this form of foreign trade is to improve the supplies of market goods and to enrich and diversify their range—and in the case of Poland, also to at least partially alleviate the shortages of scarce goods.

Last year the value of the goods shipped to the GDR as part of border trade between the WPHW and the Pase-walk enterprise amounted to about 30 million zlotys. For this year the agreement specifies a similar amount. The favorite Polish product of our GDR partner is wickerware. Another important item in border exports is crystal and glass. Our neighbors also like very much Polish ceramics—faience and porcelanite products are in great demand. They also gladly buy Polish souvenirs and artificial and plastic jewelry.

The list of goods imported in the same way from the GDR is rather long. This year, as in the previous years besides, it includes wallpaper and wallpaper adhesives, hosiery, children's and women's underwear, window curtains, draperies, and sports footwear. Our partner also supplies us with skis and accessories such as ski-boots, and also with fishing gear. In addition, we have received 1,000 rotary washing machines, which are in great demand, and 500 clothes dryers. The aggregate value of these goods is about 1 million marks (for transations of this kind the tourist currency conversion rate is used).

These may not be huge quantities of goods, but they are a major complement to normal supplies. For example, 1,000 rotary washing machines obtained in excess of allocation lists account for as much as one-third of the annual shipments of this merchandise to the branches of the Koszalin WPHW.

Thus the game is worth the candle.

Everything indicates that next year's volume of border trade will be broader in scope. The GDR partner of the WPHW has placed orders worth 30 million zlotys for the first half of next year alone. It intends to place orders for the second half of the year following the Poznan Trade Fair next spring. The list of goods to be bartered by both parties is by now, of course, ready, and it differs only slightly from its predecessors. Negotiations on details of the agreement are currently under way.

It is worth noting that the WPHW is already taking steps to establish similar cooperation with a trading enterprise in our sister district in the Soviet Union.

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#### Quality as Main Factor in Increased Exports

26000077d Katowice TRYBUNA ROBOTNICZA  
in Polish 12 Oct 87 pp 1,7

[Article by (hen): "The Winner Is the One With the Best Merchandise: CENTROZAP and KOPEX Are Increasing Their Exports"]

[Text] Good results in exports, especially in exports to Payments Area 2 [“capitalist” or hard currency countries], are being achieved by the Katowice CENTROZAP and KOPEX foreign-trade agencies, which trade in investment goods for mining and steel industries and provide specialized construction and installation services. For the first 9 months of the year exports to that area handled by CENTROZAP were about 12.8 percent higher (in constant prices) than in a like period last year. This was due chiefly to the substantial increase in exports of merchandise, especially to the markets of the People's Republic of China [as published—PRC is not in Payments Area 2], and also to Spain, Sweden, and several other countries. KOPEX similarly has markedly increased its exports to Czechoslovakia, Romania, and the Soviet Union.

In addition to being prompt in fulfilling current contracts, the personnel of KOPEX have already been for some time now negotiating contracts for 1988. Many such contracts have already been signed, among other places at the Simmex'87 Fair and at the Leipzig Fair. Many others were concluded this month at numerous international trade fairs in, among other places, Brno, Vienna, and Zagreb. Proposals for performing specialized mining services are being drafted for, among other countries, Morocco, Turkey, Algeria, and the FRG. KOPEX also is participating in negotiations organized by the World Bank. However, compared with the level of the requirements of foreign partners, the problem of the modernity of the machinery and equipment offered is becoming increasingly acute. Price is ceasing to be the decisive factor in concluding contracts. The winner is most often he who offers the most up-to-date goods.

Similarly, the volume of sales by the CENTROZAP Foreign Trade Agency in the first 8 months of the year has been higher than in a like period last year, meaning sales to the markets of both 1 and 2 Payment Areas [“socialist” and “capitalist” countries respectively]. A memorable feat was the shipment to Algeria of a monument built in the record-breaking time of 3 months by the Gliwice Technical Equipment Works, in return for US\$1,180,000.

For some time now, it has been increasingly difficult to sell metallurgical machinery and equipment on Western markets, owing to the stagnation in investments in the metallurgical industry. On the other hand, there is considerable interest in equipment for environmental protection, dust-purification facilities, and such products as castings and forgings. CENTROZAP is trying to make more of them available for sale.

Compared with last year, CENTROZAP has also increased its exports of specialized services to foreign-exchange markets. The account for about 30 percent of its sales to that area [Payments Area 2]. Noteworthy among the recently signed contracts of this type is the contract for the supply and assembling of structural elements for the telecommunications center and tower in Kuwait. The value of this contract, which is to be carried out until the end of 1988, is about US\$3 million.

Similarly, the services provided to Payments Area 1 contribute substantially to the export volume of CENTROZAP. Through its mediation, Polish firms have already for years been implementing large contracts for the performance of specialized construction and installation operations in, among other countries, Czechoslovakia, the GDR, Bulgaria, and Hungary. It is precisely owing to the hard-currency earnings from services that imports of needed equipment, components, and consumer goods to this country can be increased. Recently, for example, in return for the services provided to the GDR, CENTROZAP was able to import from that country crankshaft forgings for the Diesel engines manufactured under license at the Kalisz Transportation Equipment Plant and the Starachowice Truck Factory. Currently a similar transaction is in progress for rolling stock imported by the KOLMEX Foreign Trade Agency. Yet another example is the fulfillment of service contracts (assembling of production lines at the [Czechoslovak] factory in Mlada Boleslav in return for the shipment of 3,000 Skoda passenger cars to Poland. CENTROZAP is expanding its exports of services primarily to the markets on which goods needed by this country can be acquired.

This year CENTROZAP is preparing several major contracts which in the next few years will assure it of considerable sales income. One of them is the contract for building a fully equipped "2000" sheet mill in Magnitogorsk. It already has begun to be fulfilled. Even before this year is over the first lots of equipment will be shipped. This contract is valued at several hundred million rubles.

1386

**Corruption Noted in Consumer Goods Distribution**  
26000077c Kielce SLOWO LUDU in Polish  
5 Oct 87 pp 1,4

[Article by J. Szarejko and A. Wyrzykowska: "The Scales of Honesty Are Crooked: From Stores to Street Bazaars; Private 'Warehouses' of Sellers; Only the State Inspectorate of Trade and the Militia?"]

[Text] We are inured to a situation in which industry lags behind in its output of goods in demand. That is why we are not particularly surprised when store sales personnel tell us, "Not available," or "Sold out." We only begin to be surprised when we find in street bazaars, at market fairs, and in illegal trade everything that has disappeared from store shelves—automotive spare parts, television sets, work clothing, drill bits, and even "Krowka" [caramel] candy—of course at black market prices. How do these goods get there?

In the summer season the Kielce Office of the State Inspectorate of Trade conducted 159 inspections at branches of the Spolem General Consumers' Cooperative, the WZGS [Voivodship Association of Gmina Cooperatives, Samopomoc Chlopska Peasant Self-Help Cooperatives, the WPHW [Voivodship Internal Trade Enterprise], and the WPST, as well as in nonsocialized outlets. The most often found irregularities turned out to be crooked scales, measurements, prices, and quality, concealment of goods from buyers, spoilage of food, and improper sanitary conditions as well as inefficient refrigerating facilities.

Examples: a salesgirl at Store No 7 of POLMOZBYT in Konskie had for no reason refused to sell more than 62,000 zlotys worth of parts for Fiat 126p cars. She argued that she was unaware that these parts were in the store; moreover she set aside some of them for herself and forgot to record this in the books. She was summarily sentenced by the Regional Court in Konskie to 2 years of imprisonment and garnishment of 15 percent of her monthly salary.

The manageress of Foodstore No 18 in Piekoszow (Ruda Strawczynska Gmina Cooperative of Samopomoc Chlopska) picked up goods worth 56,968 zlotys, including Polonez and Wyborowa vodkas as well as imported wines, from the food and liquor warehouse. Part of these goods, worth nearly 19,000 zlotys, did not reach the store at all, because they were sold privately outside the location designated for their sale. The manageress was fined 16,000 zlotys by the community court. During an inspection of Foodstore No 20 in Mniow (Gmina Cooperative of Samopomoc Chlopska in Krolewiec), PIH [State Inspectorate of Trade] inspectors found that the store's personnel concealed from buyers confectionery such as Krowka and Toffi candy, nonrationed chocolate-coated fruit jellos [as published], etc., worth altogether 46,233 zlotys. The findings of the inspectors provided the premises for initiating preliminary proceedings against store personnel.

Dining establishments also were inspected. "Special distinction" here was won also by the Ponidzie Restaurant, Category 3, in Wislice, administered by the Wislica Gmina Cooperative of Samopomoc Chlopska. It was found that the buffet attendant cheated when serving alcohol, the waitress padded the bill by 118 zlotys, and the chef served mushrooms in sour cream, pork cutlets, and tomato soup that did not follow the recipes. In

addition, the natural coffee served was markedly adulterated. Furthermore the storeroom was found to contain an "extra" 15 kilograms of butter kept beyond its edibility deadline, and the book of complaints and grievances was located in a place inaccessible to customers. Five recommendations for punishment were transmitted to the community court and a superior agency was asked to mete out disciplinary punishment to the persons responsible. (Reported by J. Szarejko)

No boutique or Moda Polska branch store in Radom, and the more so no retail store in that city, has any chance for competing with the great Radom supermarkets represented by the street bazaars near the railroad station and "Korea" on Werner Street. Beginning with attractive candies and ending with warm denim jackets, practically anything can be bought there, and usually the items sold are fashionable, attractive, and of foreign origin, but Polish goods too, goods which are supposed to be sold in stores, end up on that free market.

Who are the bazaar sellers? Employees of the Department for Combating Economic Crimes under the Voivodship Office of Internal Affairs in Radom say that most of these street vendors ply their trade regularly. They have permits, with some having one-day permits, issued for a suitable fee by the Commerce Department of the Voivodship Office. But among the sellers there is no shortage of so-called wild vendors operating without a permit who offer goods of usually foreign origin whose value reaches as much as several hundred thousand zlotys. They also include pensioners as well as representatives of the intelligentsia and young people. There is no rule for it.

Last May Ludwig M. was detained at the "Korea" bazaar for offering to customers Turkish trousers, skirts, and sweaters (without a permit). Goods appraised at 280,000 zlotys were confiscated, and so were, as bail for future fines, a Fiat 126p and 49,000 zlotys in cash. The case ended up in the Regional Court.

The public feeling is that vendors of foreign goods should not be singled out for punishment. However that may be, they are filling, through private imports, the otherwise unmet demand for denim garments, chocolate, woolen goods, and hosiery. At what prices? Denim jackets cost 30,000 zlotys; pants, 12,000 zlotys; skirts, 14,000 zlotys. Sweaters and patterned stockings are similarly priced. Many of those detained turn out to be unfamiliar with the regulations in force. Let us offer the reminder that selling at a street bazaar requires a permit from the Commerce Department, even for one day.

On the other hand, street sales of goods of domestic origin are causing justified public outrage. For example, currently coffee is difficult to find in stores, whereas at the bazaar 10 dkg of coffee is sold at 750 zlotys (compared with 450 zlotys at stores). Pantyhose, which are extremely hard to find in stores, cost 280 zlotys in stores, but can be bought for 450 zlotys at the bazaar near the

train station. This also applies to regular knee-length hose which cost 70 zlotys in stores and 150 zlotys at the bazaar. A roll of toilet paper costs 100 zlotys, and shaving cream 150 to 200 zlotys.

How does that merchandise find its way from the stores to the street vendors? The Department for Combating Economic Crimes under the Voivodship Office of Internal Affairs has recorded the following instances: —Last June security escort Roman K. was detained for providing natural coffee to his acquaintances instead of delivering it to the retail stores on his route. This is so-called protection trade. In this way Roman K. sold 30 kilograms of coffee. It is interesting that the personnel of the stores provided receipts for the coffee. The security escort faces 2 years in jail or a fine as well as disciplinary penalties. —Last September the militia found that the personnel of a Radom clothing and haberdashery store had concealed from customers more than 200 pairs of imported belted pantyhose worth about 230,000 zlotys. The crime was proved and a recommendation for indictment transmitted to the public prosecutor. For whom were those salesclerks concealing so much merchandise?

In the first 7 months of this year the Radom militia instituted preliminary proceedings against 159 cases of criminal speculation. In this respect, Radom Voivodship ranks 10th in this country (barely a few years ago it had ranked second and third). Merchandise worth 4.5 million zlotys was confiscated, and property worth 9.6 million zlotys was confiscated as collateral for penalties and fines.

1386

### Interest in Satellite TV Remains High

#### Demonstration Features Western Programs

26000088 Krakow GAZETA KRAKOWSKA in Polish  
5 Oct 87 pp 1, 4

[Article by Leslaw Peters: "Satellite Television for Everyone" subtitled "Let's Learn Foreign Languages"]

[Text] (Own information) The attention of pedestrians who pass Hotel Silesia in Katowice is attracted by the large white "dish" installed atop the front marquee. The dish is oriented precisely southward and aimed at a point located about 36,000 km above the Equator, the location of the American geostationary satellite ECS-1 which transmits programs of several West European TV stations—Super-Channel, Teleclub, Net-Film, Sat-1, TV-5, and others. The broadcasts can be viewed in the hotel's conference room, where an exhibition of the latest achievements of audiovisual technology, "The World on Satellite Megalinks," was opened last Saturday.

The exhibition was organized by MEGA, Inc., which sells for zlotys equipment manufactured by such renowned foreign companies as Sanyo, NEC, JVC, Hitachi, Panasonic, etc. This equipment, whose aggregate

value is 70,000 West German marks, was provided by JMR Electronics, a West Berlin company selling modern equipment to the GDR and the Soviet Union. The owners of JMR, Jan and Marek Rynkiewicz, also are interested in entering the Polish market.

As regards equipment for the reception of satellite TV, both MEGA and JMR present at the Katowice exposition units adapted to Polish conditions. They propose a cross between satellite and cable television. This concept consists in installing a common antenna for several houses, or even for the buildings of an entire housing cooperative, and providing the TV signal via cable to every dwelling covered. In the "thrift" version (with one so-called tuner shared jointly by all users), the cost of the investment is distributed among many subscribers, thus making it possible for persons who are not well off to view satellite television, except that under this variant everyone has to view the same program. The cost of the tuner is approximately 800 West German marks. In Warsaw the first permits for installing this type of collective antenna have already been issued, and it can be expected that interest in this form of utilizing costly equipment will steadily rise.

MEGA and JMR offer equipment manufactured by Fuba, a West German company. The exposition will be open until 17 October.

**Swedish Firm Presentation in Krakow**  
2600088 Krakow *GAZETA KRAKOWSKA* in Polish  
5 Oct 87 p 5

[Article by (ip): "Satellite TV Program To Be Viewed on Hotel Television Sets?"]

[Text] At the Holiday Inn Hotel was held a showing of television programs received by means of a satellite antenna. A representative of the Swedish ABBA Company, Henry Rozwadowski, demonstrated to the hotel management and invited guests the assembling, operation, and performance of the antenna. Thus there exists hope that some time in the future residents of the hotel will be able to avail themselves of the reception of programs by means of satellite television.

**Extra TV Tax Not Foreseen**  
26000088 Wroclaw *GAZETA ROBOTNICZA* in Polish  
3-4 Oct 87 p 1

[Article by (dob): "Satellite TV Without Additional Fees: Collective Antennas—Possible But Doubtful?"]

[Text] The possibility of receiving television programs transmitted via satellites from West Europe elicits growing interest. The State Radio Inspectorate is granting a growing number of permits for the ownership of the related equipment as well as for the reception itself of satellite programs, but even so, for the time being, persons availing themselves of this miracle of technology are a tiny minority among all TV subscribers. The high

cost of the equipment and its unavailability on the domestic market are continuing barriers. We heard that a set consisting of an antenna, a decoder, and cable, when purchased for export from the FRG (that is, after deducting the so-called export premium), costs approximately 2,000 West German marks. And of course, this also requires a PAL-system television receiver, which in this country is also a great rarity.

In connection with the possibility of receiving satellite TV, one of our readers is worried (rather in advance, we assume) that this might require paying some special fee. As we have been informed by the State Radio Inspectorate, no such fee is being considered; the usual regular fee of 600 zlotys for radio and TV per quarter of the year will suffice.

Another question of concern to our reader (and surely not to him alone) is the possibilities for receiving satellite television by means of collective equipment shared among many subscribers, e.g., in a single street block or on the same floor of a building. For a situation in which a large number of lovers of satellite television living in, say, a 10-floor high-rise, would install, each independently, large and heavy antennas on the roof or, worse even, on balconies, is hardly conceivable.

It is technically feasible to install a collective antenna, and this would be a much cheaper and, to many, already accessible solution. In practice, however, it would be cumbersome to implement. The ordinance concerning satellite television specifies that permits may be granted to individuals. Thus if the antenna is to be installed for an entire building, all the tenants have to be prompted to apply for permits—and all have to receive them. This hardly appears realistic in the present conditions. Even if the regulations are changed, in any large community there will of a certainty be individuals who, without sharing in the cost, will tap without authorization the common installation.

Despite all these difficulties, perhaps this idea is worth trying, especially in smaller buildings?

**New TV Transmission Station**  
26000088 Rzeszow *NOWINY* in Polish 2 Oct 87 p 2

[Article by (so): "Satellite TV in Stalowa Wola?"]

[Text] Two years ago, on the initiative of the Stalowa Wola PZPR City Committee and the Municipal PRON [Patriotic Movement for National Rebirth] Council, the idea of building a TV relay station was born. On 30 September this station was opened.

This is the first stage in the construction of a Stalowa Wola television station. Atop the city's tallest building, local steelworkers installed a platform on which was mounted a television antenna. The platform also has room for an antenna for receiving satellite television. The new television relay station will, for the time being,

improve the reception of Channel 1 of Polish Television only in the city itself and its environs, depending on terrain configuration. In the future, after appropriate facilities for magnifying the TV signal are installed, the radius of the Stalowa Wola relay will be several times as long. Programs from this newest station can be received on Channel 31.

1386

**First Polish VCR To Be Produced**  
*26000077e Warsaw RZECZPOSPOLITA in Polish*  
22 Oct 87 pp 1, 2

[Article by (WL): "First Polish VCR: From Kasprzak Works"]

[Text] (Own information) Before this year is over Polish MTV 100 VCR's (VHS system) will begin to be series-produced at the Marcin Kasprzak Radio Works. The first 500 units will be distributed among the most interested schools, houses of culture, and worker hostels;

thus, private buyers will have to wait at least until next year. In 1988 10,000 units are to be manufactured, including the new-design much lighter MTV 200 which will gradually replace the MTV 100 on the market.

The price has not yet been decided; most likely it will range at 300,000 zlotys.

Another new product of Kasprzak will be a VCR assembled from components manufactured in South Korea. This year, 3,900 units will be supplied to the market.

What will the first Polish VCR be like? Practice will show. At the moment there is no shortage of skeptics who doubt the validity of commencing the manufacture of models lagging behind their most up-to-date counterparts abroad and having little chance for competing with these. However, what matters is that on the Polish market these will be the first VCR's to be sold for zlotys.

1386

## POLAND

**Academy of Sciences, Military Cooperation Reviewed**  
*2600011b Warsaw ZOLNIERZ WOLNOSCI in Polish*  
23 Dec 87 pp 1, 5

[Article by Colonel Antoni Nowak: "Improved Research Results: The Polish Academy of Sciences and Military Technology"]

[Text] (Own information) Problems of cooperation between military research institutes and the research laboratories of the Polish Academy of Sciences (PAN) were the topic of a session organized by the Directorate for Research and Development of Military Technology at the Military Institute of Armaments Technology.

The session, chaired by Chief Inspector of Technology of the Polish Army, Deputy Minister of National Defense General of Arms Zbigniew Nowak, was attended by: Division General Jerzy Modrzewski, undersecretary of state at the Ministry of Industry; Brigade General Jan Bobrowicz, chief of R&D work on military technology; Professor Wojciech Zielenkiewicz, secretary of Department III of the PAN; and Professor Alfred Swit, secretary of Department IV. Also present were: the commanding officer of the Military Engineering Academy, commanding officers of military R&D centers, and directors of the R&D centers of the defense industry.

The area of cooperation proposed by the Inspectorate for Research and Development of Military Technology comprises many domains common to the national economy and national defense. For example, the findings of research into the relationships between the condition of sea surface and the meteorological situation will be utilized in weather forecasting; the findings of studies of

the phenomenon of maximally effective dissipation of electromagnetic energy in various layers of the atmosphere could be utilized in technological solutions serving to transmit information or establish communications at particular points on the terrestrial globe. The jointly studied problem of unconventional energy sources looks promising. Exploration of these sources is necessary and indispensable in view of the shrinking resources of traditional fuels. In practice this is a present and future topic for a country lacking significant resources of liquid fuels. Of equally great importance is the work that can be done jointly in exploring improved semiconductor materials, composites with special properties, including composites suitable for bridge structures, and powder-metallurgical materials. An important domain of joint research is measurements of noise by the sound intensity method, voltage diagnostics by vibration and pulsation methods and estimates of the parameters of oscillations of machinery from the standpoint of determining critical frequencies.

Assessing the results of the session, Gen Zbigniew Nowak pointed to the existence of a still considerable latent potential for broadening the cooperation between military research centers and the Polish Academy of Sciences. This potential is harbored in the organization of labor, exchange of experience and scientific information, and the still utilized possibilities for joint use of unique research equipment. The exchange of information can markedly enhance the effectiveness of research and serve to eliminate erroneous concepts.

The session's participants viewed an interesting exhibition of devices for measuring flight routes.

## BULGARIA

### New Bulgarian 'Supercomputer' in Service in USSR

AU220834 [Editorial Report] Sofia RABOTNICHESKO DELO in Bulgarian on 20 January publishes on pages 1 and 3 a variety of materials, totaling approximately 5,000 words, on the new Bulgarian IZOT 1703E multiprocessor computer system, under the general title "Use of a Supercomputer in a Research Center." This roundup includes the following three main items: a 450-word newspaper's introduction; a 3,600-word interview with Stoyan Markov, "senior scientific fellow and leader of the 'High-Productivity Computer Systems' project," Vladimir Lazarov, "senior scientific fellow and chief designer of the ES 1307 computer," and Plamen Daskalov, "senior scientific fellow and chief designer of matrix processors," by Dimitur Delinski and Yuriy Popov; and a 650-word article by Krasimir Tsigularov entitled "The Logic of Development."

The unattributed introduction publishes the apparent text of a dispatch filed from Moscow and published in the U.S. journal AVIATION WEEK AND SPACE TECHNOLOGY on 16 October 1987 under the heading "Use of a Supercomputer in a Research Center." The report describes "a large Soviet computer using 10 parallel processors" now in use in Moscow's Space Research Institute, with the hardware supplied by the Bulgarian IZOT enterprise and the software developed by the Soviet Institute of Space Research.

The introduction states that this U.S. report prompted the newspaper to interview the authors of the joint Bulgarian-Soviet project, noting that "the IZOT 1703E multiprocessor system is the fruit of the joint work of specialists from the Central Institute of Computer Technology, the Coordinating Center for Information Science and Computer Equipment of the Bulgarian Academy of Sciences, and the Space Research Institute of the USSR Academy of Sciences."

In the report of the interview, Stoyan Markov first refutes the suggestion in the U.S. report that the USSR has to use parallel processor computer systems because it has no true "vector-type" supercomputers available, and cites the current development of the "Elbrus-1" supercomputer in the USSR. He then explains that supercomputers are essential for the further progress of many branches of science.

When asked to define the advantages of the new supercomputers, Markov explains that the latter, being able to complete billions of mathematical calculations per second, make it possible to construct and operate complex models for conducting scientific research without the need for costly and time-consuming practical experiments. Daskalov adds that the IZOT 1703E system owes

its high speed to the use of special matrix processors that simultaneously solve a number of subsidiary problems, the results of which are further processed in the main computer.

On the issue of the Bulgarian contribution to the project, Daskalov says that the Bulgarian hardware, though containing no novel components, "creates a promising architecture consisting of conventional devices that achieves a uniquely high speed of action." He explains that the system achieved 100 million floating-decimal-point operations per second in tests at the Institute of Space Research in Moscow in July 1987, and after further development is expected to achieve 1 billion such operations in the future. He also provides various technical details about the system.

To the question whether Bulgaria possesses the required technology for manufacturing more computer systems like this, Daskalov claims that Bulgaria has now developed her own computer know-how and production capacities, stressing that "the mechanical structures of the machines are very light-weight and well-designed," "the technology for the large multilayer circuit boards is purely Bulgarian and within the capabilities of our plants," and that "this is unique in the socialist community." He further asserts that "the value of the components of our machines imported from the West is less than 5 percent of the selling price." According to Lazarov, 35 such computer systems were produced in the Computer Equipment Plant in Bulgaria up to the end of 1987, and in 1988 it is planned to increase computer sales to over 100 million rubles.

When asked about the formation and working conditions of the project group, Daskalov comments that "it is well known that the work in our institutes is more poorly organized than in the world's leading scientific research centers," that they had to start their "attack" from a much lower base level than their Western competitors, which required "peak efforts from us," and that their success was only possible due to the "great help and complete trust we received from the highest positions in the party and the state."

In his article "The Logic of Development," Krasimir Tsigularov briefly describes the work of seven named young members of "the collective that created the first Bulgarian high-productivity computer complex."

## CZECHOSLOVAKIA

### Jakes-Gorbachev Confer on Expanding Cooperation

24000051a Prague TVORBA in Czech 20 Jan 88 p 19

It was no accident that the first trip of the newly elected secretary general of the CC CPCZ Milos Jakes was to Moscow. We are following the same route of restructuring and democratization of the society. Because USSR

embarked on this route earlier, it has numerous experiences from which we can learn. As Milos Jakes indicated in his interview with Czechoslovak newspapermen, "we wanted to reemphasize and demonstrate our support for the CPSU policy, which is also our policy, whether domestic or international, and, in particular, take further steps to a more general development of cooperation in all areas of activity of our communist parties."

### Developing a Long-Term Conception

It is not necessary to emphasize the extent to which our cooperation with the Soviet Union is indispensable to us. Alliance with the USSR insures our security—it is this year that we will remember the 50th anniversary of the ill-fated Munich Agreement: a costly lesson that demonstrated to us how easily could our prewar allies sell out our republic to Hitler. Economic cooperation ensures our economic development, particularly in the area of those raw materials which are so scarce in our country. It provides us with security and has helped us avoid the swings which the international market continues to go through and which were the bane of the Czechoslovak bourgeois republic. That was most apparent during the crises of the twenties and thirties. But it also transpires that the existing forms of cooperation have reached their limits. They are inadequate especially in regard to the qualitative changes brought about by the restructuring processes in both our states. Where do we go on from here then?

That is one of the basic questions which is being resolved, both within the area of relations with the Soviet Union as well as within the entire CEMA framework. We have to establish goals and develop concepts which will carry us practically to the end of the century and which would also help us resolve new tasks.

But to shift from interbranch to intrabranch cooperation, as Comrade Jakes discussed it, that is to say to exchange machinery, new technologies, and, in part, consumer goods and food product specialities, that requires new approaches. One of them is direct enterprise relations, creation of joint enterprises, and cooperation with the third world countries. Our first experiences are positive but they also demonstrate that various bureaucratic rules and antiquated laws stand in the way of a successful development of such relations. Within the CEMA framework, this turns into the general question of economic compatibilities and, on its basis, into the achievement of such a level of integration that would permit the benefits of one economy to be utilized to provide advantages for other economies of the socialist community.

Frankly stated, many of the good intentions—having to do with relations between CEMA member states—have so far been restrained by the limited opportunities of actual application, by problems related to reciprocal advantages, quality, timeliness and quantity of deliveries, by price comparability, and many other problems.

However, without a solution to these problems, it is difficult to envision an acceleration of progress. Our economy, in particular, is encumbered by a number of problems which have historically arisen from both objective and subjective causes. One of the most obvious examples is the range of our engineering products which is far too extensive with respect to the size and potential of our industry. There is no other way out but division of labor. Naturally such division that would benefit all of the participating partners. It is apparent that under the given conditions, the most advantageous relations are direct enterprise relations; and not only in production, but also in research, development, and its implementation.

That, among others, requires to know each other well as far as both potential and conditions are concerned. This is true also in the sense that partners who are close to each other personally can cooperate more easily. It would seem that individual socialist countries, ourselves and USSR included, should be familiar one with another in this respect—after all, exchange visits number into the millions. Nevertheless, in spite of these numerous cooperative relations, which tie together our krajs, okres, cities, individual enterprises, schools, and institutes, their quality does not seem to be meeting the test of the times. There is still too much formality, official exchanges of delegations and too little of that specific trait that characterizes cooperative relations, namely direct acquaintance and exchange of experiences and opinions. This applies to all levels, from high level political officials to high level management and down to the individual working person, the individual citizen of both countries. It is not only a question of antiquated forms of contact but a question of adjusting many of the rules limiting such direct and productive relations.

### Cooperation in All Areas

In this we are also facing the fact that much closer attention has been devoted to the development of economic cooperation and less to cooperation in other areas, particularly in the area of superstructure—culture, arts, education, and information media.

In the past, various areas of cooperation were assuming a fairly formal character, a trend which led to simplified views and slogans. To free these relations from such formalism means to give them a more personal character. We must translate the fraternal ties of our politics into the friendly ties of personal relations. If the individual human being represents the main link in restructuring, then these relations represent the basic condition for a specific, energetic, and effective cooperation. Suppose, for example, we were full of admiration for the many things seen at the "Soviet Russia" exhibition, let's say for the work of Soviet surgeons, then the question arises: why is it that we discovered those things only then, although they had been in existence for many years? Had none of those thousands of people who had travelled to the Soviet Union never heard about it? On the other

hand, our Soviet comrades are also admitting that many of the new discoveries they made in our country—discoveries which have a deep tradition in our country—remained, nevertheless, unnoticed. Naturally, we cannot resort to mechanistic exchanges, but even here we must utilize the creative potential of our times.

#### Active Participation in the World Dialogue

When we speak about division of labor in the various areas of our economic and domestic policies, it is no less important to join effort in ensuring favorable external conditions of our foreign policy developments. For example, the Soviet efforts at ensuring peace and, particularly, nuclear disarmament, is not the exclusive territory of Soviet-American relations and other states can make a substantial contribution. In support of this effort, to create a necessary atmosphere, as well as in our own initiatives, we must take specific steps which are conducive to such favorable international spirit. After all, the liquidation of two classes of nuclear weapons affected us directly. Not only because these weapons which have been placed in our country by the Soviet Union with our consent and thus are subject to controls but in a broader sense in that they are creating room for further disarmament steps in Europe. Our republic lies in a particularly sensitive area of contact of two military groupings. It is a pleasure to know that in this sense we have developed a joint initiative with the FRG at the level of political parties to include the west German SPD. One other example is the proposal to call an Europe-wide economic forum which we have submitted at the Vienna follow-up meeting as indicated at another place in this journal. But there are more areas in which we can take action one such possibility was pointed out by Milos Jakes in an interview with Czechoslovak newspapermen: To arrange a world-wide, or at least Europe-wide, conference of educators with the goal of intensifying the youth education on peace on the occasion of 400th anniversary of J. A. Komensky. Many useful themes were publicized by the leaders in our culture and arts; for example, at the Budapest Cultural Forum arranged in the framework of follow-up actions to the Madrid meeting. Even if we did not succeed in coming to a consensus on the final document in Budapest, it would be useful, if these initiatives would not get lost and if we show enough energy to bring about their realization.

This coming year is significant for us with its many historical anniversaries. It should not only be stimulating to look back, it should become an impulse to active participation and creative initiatives in which we can demonstrate our maturity particularly of our cultural areas. These too, are stimuli and ideas arising for all of us from Milos Jakes visit to Moscow and his meetings with Mikhail Gorbachev. They relate to the necessity that we make restructuring into an issue that concerns all of us. A restructuring within ourselves.

#### Conceptual Changes in CSSR-USSR Cooperation Viewed

24000051b Prague HOSPODARSKE NOVINY in Czech  
22 Jan 88 pp 8-9

[Article by Engr. Karel Diba, CSc., Engr. Josef Kreuter, CSc., and Engr. Adolf Suk; "At the Threshold of a New Era"]

[Summary] Authors analyze the national economy with the view to overcoming current stagnation. They are particularly interested in the CSSR-USSR and CEMA international economic relations.

They see that the basic outline of development of the two economies will be essentially similar, marked by intensification of the economy, without overlooking the experiences gained thus far. The main difference is the size of the respective economies. While the Soviet development strategy is generated primarily by internal factors, the CSSR relatively small but industrially more mature industrially developed economy has its development tied to an effective international division of labor.

Practice has demonstrated that trade structure must change with the latest conditions and trade relations as when the Soviet Union was forced to export more of certain commodities, particularly oil, to capitalist countries to earn hard currency for import of vital food and modern technology.

A problem arose as the CSSR demand for Soviet raw materials and energy was increasing together with demand in the Soviet Union while CEMA and CSSR technological developments have not kept up with the Soviet needs. This resulted in "hardening" of Soviet sales conditions with respect to CSSR as a compensation for a relatively low quality of our products. This unfavorable exchange had negative effects on our economy and contributed to the stagnation during 1980-1985. These developments in the mutual relations resulted in a paradox of neither country satisfying the needs of the other.

The CSSR export of goods and services to the USSR thus requires a fundamental diversification. In the area of primary products, the possibilities are limited. Logically, the attention should be aimed at a diversification of exports of all types of goods and services. Primarily, our engineering product exports should be limited relatively and in absolute terms. That is a basic condition for an advance in the technology of our engineering exports of selected products and of our technological base and narrowing of the gap between our and the world standards.

There is no doubt that the specific volume and structure of our machine exports, its technology and economic characteristics will be effected by the restructuring in the

SHARE OF CSSR TRADE WITH USSR IN TOTAL FOREIGN TRADE TRANSACTIONS

		1956	1965	1975	1985
CS export to USSR in total CS exports	mp cp	31.0 30.7	38.0 33.2	33.0 33.9	43.6 44.0
CS imports from USSR in total CS imports	mp cp	32.9 30.2	35.7 32.0	32.1 31.6	46.0 33.4
CS import of fuels, metals and minerals from USSR in total CS imports	mp cp	41.4 39.9	59.1 54.8	63.3 64.0	83.3 73.3

Source: Calculations based on the Statistical Yearbook of CSSR.

mp = market prices

cp = constant prices - Tabulated in foreign currency Kcs equivalent

USSR. But we must make sure that we maintain long-term comparative advantages activated by the expected restructuring of our economy.

From this viewpoint, we should already start exporting engineering products which would correspond to the modernization of the Soviet capital base. In the spirit of new measures in external economic relations, continued changes should become more and more subject to direct negotiations between our manufacturers and Soviet users.

However, even after the changes in management, the raw material trade will remain under central controls in the USSR. This must be taken into consideration and effective ways found to counter any problems associated with the mutual trade.

The share of engineering and consumer goods in particular should increase in our trade with the USSR not only as measured by volume but in terms of higher prices received for higher quality products. We must actively search for a spot in the Soviet market by offering goods and services in high demand which are, for our standpoint, cost effective.

We should, for example, develop a program for increase in Soviet tourism in the CSSR which would be mutually beneficial, i.e. we could use rubles thus earned for additional energy resource purchases.

The expected higher dynamics in the Soviet agrocomplex also offer a number of advantages for the CSSR. It is evident that only seldom will we be exporting our food products to USSR and that it would benefit both sides if we could export more equipment and services to accelerate the development of Soviet agricultural production.

In this light we must also view the potential contribution from the direct relations between our and Soviet enterprises, although we will have to overcome a number of problems of nonstandardization and lack of kholzraschet [cost accounting system] implementation causing deformations in the pricing structure, for example. Further, direct relations cannot very well be conducted under the existing administrative-directive conditions; these would only lead to pure formalism in the relations. In contrast, with a rational economic mechanism with realistic pricing and currency relations, these direct relations could become a significant instrument of fast efficient dynamic of mutual economic relations and contribute significantly to both economies.

Even more complicated appears to be the situation in the area of structural changes in the Soviet exports, or our imports from the USSR, from our viewpoint. It can be expected that even in the future, a large share of Soviet exports to CSSR will continue to be raw material and energy items in spite of our projected reduction in such imports, with the exception perhaps of natural gas. The problem then is to find mutually satisfactory solutions.

Based on CSSR needs, natural gas imports should increase to about 22 to 24 billion cubic meters. Mutually satisfactory conditions for such increases should be

rapidly studied in nontraditional solutions [i.e. tourism earnings or convertible currencies to be used to pay for the gas]. It would also make sense to import Soviet capital and consumer electronic products, there also appears to be a market here for Soviet automobiles. In the latter case the possibility exists for a cooperative effort with the participation of third party automobile manufacturers and licensing.

Of course, some of the noted examples are not absolute, they are more just tendencies where we have to find long-term comparative advantages for both economies which are in a constant state of flux and will continue so. The most important is to maintain a world-wide competitive capability, that is to say, presence on the world markets. This means, for both of our economies, to cooperate with capitalist countries in both, processing industries and services. In this context, we will have to overcome autarctic approaches at the levels of national economies but the CEMA as a whole as well where import substitutions is considered to be desirable regardless of the cost.

To avoid continued relative backwardness, it will be necessary to create very demanding competitive environment in our own domestic markets. Yet we must avoid the danger of radical changes which the restructuring of Soviet economy might bring about. It is a dangerous illusion on our part to depend on extensive market possibilities of our traditional export programs, particularly in engineering which are headed in the opposite direction—into metallurgy, heavy engineering, mass chemistry, transportation, etc., which were meant for the reproduction of inefficient heavy production structure considered by the Soviets to be intolerable. With the view to the weighty effect of the Soviet import demand on the Czechoslovak economic growth and employment in general, the acuteness of a revision on our part is obvious. Those institutes, enterprises, and branches which depend on the continuation of run-of-the-mill (but basically fully obsolete) production and export programs, might soon find themselves face to face with a complicated situation. The lesson from today all to obvious fact that one stage of CS-Soviet relations, which survived several decades, is definitively coming to an end could bring the positive recognition that there is a positive solution to this problem if we start immediately.

## HUNGARY

### Corporate-Bond Market Runs Into Difficulties

25000052 Budapest HETI VILAGGAZDASAG  
in Hungarian 21 Nov 87 pp 50-51

[Article by Gyorgyi Kocsis: "The Domestic Bond Market. Warranty Repairs"; first paragraph is HETI VILAGGAZDASAG introduction]

[Text] At the Budapest Bank Corporation [BB], one of the principal traders in the domestic securities market, there is a huge volume of newly issued bonds waiting to

be sold. More and more bondholders are coming to the bank with sell orders. The financial institution that handles a significant proportion of the trading in bonds is resorting to novel solutions to turn the unfavorable trend around.

An unusual phenomenon, alarming in the opinion of some experts, has surfaced in the already five-year-old domestic corporate-bond market. The market for stocks, which only enterprises may buy, remains bullish as before (in other words, stock prices and the demand for stocks are rising continually); but the corporate-bond market for individual investors is unprecedentedly bearish (i.e., bond prices are falling).

At the BB, considered one of the most active traders in the corporate-bond market, for example, bond prices have fallen by between 3 and 4 percent on average during the past two months. In the case of one-third (or more than 50) of the bonds listed by the bank, the so-called average price (the mean of the asked price and the bid price) is in fact lower than the par value of the bonds. Desiring stability for their investment, many bondholders of modest means (in the bank's experience, about half the individuals who bought bonds fall in this category) have become alarmed by these developments and want to get rid of their bonds.

This year alone, through the end of October, nearly 13 billion forints' worth of corporate bonds available to individuals were newly issued, which was twice as much as during the preceding four years combined. (The latest huge, three-billion-forint, issue was by the OTP [National Savings Bank], to finance housing construction.) Amidst the spending spree on goods and real estate in recent weeks, this huge volume of corporate bonds has not found buyers for the time being. The BB, for example, has amassed a 900-million-forint portfolio of various new issues it has not been able to sell so far. The volume of corporate bonds the bank has bought back from individual investors is 400 million forints, several times the usual volume. Last week, for example, 40 million forints' worth of bonds were offered to the bank for sale, and the bank has bought them. At the Investment and Trading Subsidiary Bank (Befektetesi es Forgalmi Leanybank), another principal trader in the corporate-bond market, deputy director Mrs Janos Mohacs refused to give us any specific information on bond volumes. All she said was that the subsidiary bank has not noticed any negative trend.

Zsigmond Jarai, the head of a main department at the BB, explains: "The new developments have forced us to take quick action, so as to prevent a collapse of the corporate-bond market for individual investors, which was just beginning to flourish. We put together within a few days a program that seems to have also the financial administration's approval. The essence of this program is to support the corporate-bond market's operation even at the cost of temporary losses." Under this program, the

BB is attempting to persuade the enterprises and institutions that issued bonds to offer their bondholders an interest bonus for 1988, similar to the interest bonus on OTP [National Savings Bank] savings accounts. Furthermore, the BB is offering to sell corporate bonds and guarantee their market price for a specified period.

The latter scheme is something entirely new in the domestic corporate-bond market. In essence it means that the bank will buy back and guarantee a yield on the bonds it sells to individual investors, provided they hold the bonds for the period of time specified in the contract. Computed on an annual basis, the bank is offering [current] yields of 7 percent on bonds held for three months, 8 percent on bonds held for six months, 9 percent on bonds held for nine months, and 10 percent on bonds held for 12 months. Which means that the investor is guaranteed the same income as if he had deposited the money in a savings account. Admittedly, this security also means that the investor loses his chances of obtaining even more income should the bond prices not fall after all. Thus if someone invests 10,000 forints in corporate bonds bought from the BB, and the market price of the bonds is guaranteed for 12 months, then after the year the investor gets a 10-percent yield regardless of what happens in the market. In other words, he gets back 11,000 forints. With this type of transaction the bank wishes to reduce the small investors' risk and fear of risk, and to prevent an investor from getting less for his bonds after three months than what he paid for them. Incidentally, it is estimated that a significant proportion of the investors who buy corporate bonds will avail themselves of the bonds' guaranteed market price that the BB will be offering as of 16 November. It is not yet known whether other banks will also employ similar means to stimulate the market. For a proportion of the securities is being traded by other financial institutions, and their prices may differ from the prices quoted by the BB, which are also the prices published in our journal.

So far as the interest bonus is concerned, last week the BB sent letters to the firms and institutions that issued bonds, recommending that in 1988 they add an interest bonus of 3 percent to the bonds' regular interest (which is about 11 percent on average) so as to keep their bonds attractive. By 14 November, 13 firms—the ones whose profits enable them to do so—have replied, informing the bank that in 1988 they would pay their bondholders interest bonuses of 1 to 4 percent. Thus the BB is raising the prices of the bonds of these firms, as of 19 November (see our table of corporate-bond prices on page 56 [not reproduced]).

Other firms have undertaken to buy back from the BB their bonds that have accumulated in the secondary market. The bank wishes to encourage this also by waiving its 2-percent commission; in other words, it is offering to sell their securities back to the issuers at a lower sales price. For example, the BUBIV (Budapest Furniture Industry Enterprise) has decided to redeem its

approximately 1500 bonds now at the bank; and has pledged to buy back continually until 31 March, up to a limit of 15 million forints, the BUBIV bonds for which the bank would be receiving sell orders. Other firms have decided not to give an interest bonus, but to offer coupons redeemable for merchandise at their stores.

For the time being it remains an open question how the corporate-bond market will respond to these measures, and it is not yet known whether the other financial institutions trading in securities—mainly the Investment and Trading Subsidiary Bank, the National Commercial and Credit Bank (Orszagos Kereskedelmi es Hitelbank), and the OTP—will follow the BB's initiative. It will be remembered (see *Heti Vilaggazdasag*, 25 Jul 87) that the 22 securities-trading financial institutions issued a statement in July of this year, pledging to cooperate in their efforts to integrate and stimulate the securities market.

This agreement ought to inspire the partners to coordinate their actions by all means. But because merely an agreement in principle exists as yet, definite information on the ways and means of cooperation is lacking. From the Investment and Trading Subsidiary Bank we have learned merely that they would not remain idle if the Budapest Bank introduced the measures outlined above.

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### Significant Unemployment Viewed Imminent

#### Acceleration Cannot Be Delayed

25000041 Budapest MAGYAR HIRLAP in Hungarian  
15 Oct 87 p 3

[Interview with Dr Pal Matyas, a department head at the State Wage and Labor Relations Office by Agoston Braun: "Government Program and Workforce Mobility—Acceleration Cannot Be Delayed—More Rational Employment Policies Needed"]

[Text] By necessity, the government's evolutionary program and the structural transformation of the economy involve manpower relocation. The process has begun already: occupational policy experts have acquired some practical experience. We asked Dr Pal Matyas, department head at the State Wage and Labor Relations Office concerning these experiences and the tasks that lay ahead.

[Question] Publicly available data indicate that each year more than 10,000 people would have to change jobs and activities in order to arrive at the desired level of economic upswing. Manpower relocation takes place at a slow rate for the time being, and unfavorable processes will continue to prevail unless the functional turnover gains speed. What is the opinion of occupational policy experts in this respect?

[Answer] I fully agree with your statement. I would like to add though, that structural transformation would be accompanied by manpower relocation anywhere in the world. And the fact that national organizations must prepare themselves for this process with appropriate strategies and tactics is not a unique Hungarian phenomenon, either. They must thoroughly understand the daily events, especially when workers suffer directly as a result of governmental actions. Having said that, I would note that our work was not too peaceful prior to transformation, either. Annually some 700,000 individuals change jobs at their volition, and if we consider demographic changes, i.e. those who start their career and others who retire, then this figure increases to one million.

The effects of preparing for structural transformation could be felt already. The demand for trained workers has not decreased, but unskilled workers have an increasingly difficult time finding work. An increasing number of enterprises tries to put an end to inefficient production, and by way of exploring internal reserves, through reorganizations, and through retraining they face unavoidable processes. At this point we cannot speak of a full breakthrough, but in terms of employment policies half of the turnaround has already been accomplished.

[Question] Government financial support had a lot to do with this, I assume.

[Answer] At the beginning we had to persuade employers to take advantage of available training funds. That was in 1982 and 1983. In comparison, last year we spent more than 40 million forints on retraining some 8,500 workers. Another new occupational policy feature is the availability of reemployment assistance. In the aftermath of liquidations or major layoffs due to reorganization, the unemployed continue to receive their past average wage for a period of six months. The compensation continues for another three months at a 75 percent level, then it drops to 60 percent for the final three months. These funds are provided and guaranteed by the state. Quite naturally, those temporarily unemployed must keep in close touch with the employment office. If a displaced worker does not accept a favorable offer, financial support is discontinued.

Well, the enterprises did not take advantage of this opportunity either. Many continued their workers on the payroll, or dismissed them gradually, in groups of less than ten persons. As I indicated before, financing the unemployed would not have burdened the enterprises. For a while we reminded the enterprises of the available opportunity, but by now the "grace period" has expired. In the future we will use legal means—the kind of support received during the period of employment search does make a difference from the individual viewpoint also.

[Question] A similar lack of understanding was manifested in regards to the possible introduction of public works projects.

[Answer] Indeed, there were some who believed that we did not need such projects, and that having such projects would be a superfluous and a waste of money. Real life experience proved however, that those who opposed the idea were wrong. In many settlements and regions of the country some undertrained persons are squeezed out from all types of employment opportunities. We cannot deny these people their livelihood, just as we could not, for instance, to those who were just released from prison. The other aspect of these projects is that they freed these settlements and regions from some community concerns by completing some projects that could not be accomplished for years. This opportunity has been available for the past six months. The originally budgeted amount for these purposes was 30 million forints, providing jobs to somewhere between 900 and 1,000 people. Requests received so far show a need for 40 million forints, which would provide occupation for between 1,200 and 1,500 people.

It may seem as if I had changed the subject—but this is not so. Structural change has the effect of even further depreciating untrained labor, and it could easily happen that individuals with a flawless background also would have to choose this kind of work temporarily, until they find different employment. At any rate, our calculations show that come next year, 100 million forints will be needed to support this project.

[Question] One could assume that this alternative is being chosen by those living in areas which experience employment tensions anyway.

[Answer] Within the country we show seven or eight areas like this—such as the county of Szabolcs-Szatmar, and the Northern part of Borsod. For these areas there also exists a separate, comprehensive plan. But I did not have in mind these areas only—after all, in a small settlement the liquidation of a plant with 50 employees creates greater problems than the liquidation of the Raba factory in Budapest, which employs almost 1,000 people. And as long we have reached this point in our discussion, I must say that the cases of Rudabanya, Gyongyosoroszi, Ozd and Veszprem all provided lessons, and therefore should be viewed as models. The lesson learned is that preparatory work must be very thorough and circumspect, and irrespective of how important the economic considerations may be, human lives can never become secondary considerations. Not even occupational policy experts can settle such matters by just throwing in a couple of ideas. The examples proved that there are some who must be retrained, others must only be trained. And there may be solutions by which new workplaces are created. Regrouping of the workforce may take place within an enterprise or between enterprises, and there are some who cannot change their workplace, those must be provided early retirement. But the employees too must change their attitude, because the expectation of sticking to the same occupation and only at the same place can no longer be

satisfied. However odd it may seem, one must recognize that the days of "I'll quit, because with an eighth grade education I can earn 8,000 forints as an unskilled laborer anywhere" are gone.

We, of course, must continually evaluate these lessons, and must be able to see beyond daily events. I can mention one of our initiatives: we plan to extend our retraining support also to cover people who are not employed. Our goal is to minimize the time of uncertainty for everyone; if an enterprise has someone trained already, one can be certain that there is a job awaiting that trainee. We must not abandon the idea of creating new workplaces either. In this respect Szabolcs county was leading last year: they attracted enterprises to establish economically efficient plants in the county. The viewpoint of others belongs to the past: "we have an available workforce, let the employers come here." The foregoing perhaps demonstrates that no one can consider this as a realistic expectation.

[Question] Also your statement proves that the government's evolutionary program has not become a part of everyone's consciousness, and that transformation must be accelerated as soon as possible. Using different terms, I would like to restate my initial question ...

[Answer] During the second half of last year, and during the first half of this year some 10,000 persons "moved" in response to enterprise initiatives. We estimate that next year the structural change will multiply this phenomenon five- or six-fold, or even more, perhaps. For the time being, however, I cannot predict how much of this change will take place within the individual enterprises and how much between the enterprises. This depends on changes both in our internal and external situations. Only one thing is certain: the change can no longer be delayed.

### "No Excuse!"

25000041 Budapest NEPSZABADSAG in Hungarian  
21 Oct 87 p 3

[Article by Eva Terenyi: "Matters That Cannot Be Excused—Notes From a Party Executive Committee Meeting"]

[Text] "We smelled powder for the first time in conjunction with the VAEV [Veszpremi Allami Epitoipari Vallalat (Veszprem State Construction Enterprise)] case, but in the end it benefited us: we are only at the very beginning of a series of tasks. Having sensed the winds of the storm, with this conference too we tried to determine what our tasks were.... There is no choice regarding our basic position: unemployment, as a determinant of social coexistence is unacceptable. This is contrary to the opinions held by some economists who view unemployment as some kind of a "charitable" tool...."

This thought was expressed during debate at the latest session of the Veszprem county party executive committee, sort of summarizing the debate. Yet at the same time, the statement also manifests the way county party organizations approach this problem. It is this outlook that makes it worthwhile to dwell for a while on the Veszprem example.

The question the executive committee asked itself was this: what responsibilities and what political functions does the party have with respect to the continued employment of the workforce that is left without jobs as a result of structural transformation? Above all: what characteristics did employment in Veszprem assume in these days?

### What Is the Party's Responsibility?

In a manner similar to the national situation, demand for labor has diminished in Veszprem. In the first three quarters of 1987 the number of job vacancies was 25 percent less than in the same period a year before. Within decades this was the first time that a conscious workforce reduction took place, which grew from an annual planned reduction of 280 persons to 726 persons by early September. Members of certain strata experience particularly severe hardship in finding jobs; the chances of those starting careers has diminished year after year, and for the first time this year there will be fewer vacant jobs than there will be applicants. Job opportunities have further deteriorated for the unskilled, for those with low educational qualifications, for the recently disabled or handicapped, and for those who are unable to commute—primarily young mothers. There was increased concern about providing jobs to job seekers who drifted to the peripheries of society, and this concern was not limited to Veszprem. This, however, is again a different matter.

According to Veszprem county employment agencies 427 persons were awaiting placement in September 1987. This figure does not include those whose job concerns will begin only following the conclusion of VAEV's liquidation. A majority of the 3,000 VAEV employees has found appropriate jobs since, from among these 500 found new jobs as a result of an organized workforce relocation. Nevertheless, the case of several hundred VAEV employees is still pending. About 280 employees are presently within the six month period after having received notices of dismissal, and still unsettled is the situation of some 300 persons who are part of the liquidation team, and another 250 persons, who are on temporary leave for various reasons, such as maternity leave, childcare concerns, or military service.

VAEV's case made nationwide headlines: at last there was a case in which a decision was reached to liquidate a large enterprise without designating a legal successor. Understandably, the related proceeding provided lessons—including several negative lessons—primarily to

the county's people. As discussed at the executive committee meeting: VAEV's case demonstrated just how inadequate the occupational and socio-political systems are, if an enterprise of this size must be liquidated. There is no plan, for instance, for the continued employment of the handicapped. Signs indicate that by no means is this problem limited to VAEV. The enterprises have no interest in providing jobs to the handicapped. The fact that for the time being Veszprem county is not experiencing severe problems in this respect may be attributed only to the commitment and the humane outlook of leaders. In the future, however, it will be impossible to resolve these problems through campaigns only. In other words: in this respect too some incentives must be provided to enterprises. Although in a different context, those who spoke at the executive committee meeting raised the issue that incentives were inadequate to encourage the employment of those at the start of their careers.

### Limited Options

The debate revealed that generally speaking, foremost on the business organizations's minds these days is workforce reduction. An enterprise attitude disclaiming moral responsibility for hardships caused by workforce reductions can also be sensed. Needless to say, this attitude is not a result of inhumane attitudes, instead, it flows from the fact that the present, and even more so, next year's regulations stimulate enterprises toward thrifty manpower management. The effect of these regulations will obviously manifest itself in further workforce reductions. Predictions for Veszprem, 1992 envision 6,000 young job applicants as compared to the present 4,600. Experts believe that even if all the jobs that become vacant for demographic reasons are filled, (and this is a highly questionable hypothesis,) each year there will be a manpower surplus of 600 persons.

It was stressed at the meeting that in order to manage the existing and anticipated tensions, a larger number of more effective remedial options is needed. Meeting participants added that it is apparent that the resolution of a variety of workforce-related concerns and problems cannot be perceived without taking into consideration a broad array of socio-political issues. For this reason several participants expressed concern over the announced stabilization program which would further limit the available action choices to enterprises. This, according to present indications. As a result of withdrawals even the well-functioning enterprises would not have a chance to realize much-needed developmental projects. In contrast, both the CC's and the government's program suggests that efficient manpower utilization does not only, or not primarily translate into "freeing" ourselves from the workforce. It also means the selective development of production. We must not permit that the few years in which we stabilize the economy become a period of reproduction—a condition that would hardly

encourage a subsequent evolution and an economic upswing. Practical results contradict this political intent in places where they think that way, some participants said.

There was much discussion about manpower retraining, the regrouping of the workforce, and the practical possibility of accomplishing these. Most certainly, these processes should accelerate with the acceleration of structural transformation. Supportive of this idea is the fact that while there is a labor surplus in industry, there is an acute labor shortage in other fields, such as in health care and in commerce. This applies both to Veszprem and to other parts of the country. But as one commenter warned, we must be realistic, because it is hardly conceivable that for instance a skilled chemical worker could become a good nurse or a good merchant. In the same vein, it would be difficult to perceive that a Veszprem chemical worker would move to Kazincbarcika, or say, to Tiszaszederkeny in order to find a job. This is so not only because one generally adheres to the place where he lives. There are apartment concerns, problems about finding a job for the spouse in the same locality, nursery and school problems regarding the children, and so on and so forth. In other words, inter-regional workforce regrouping has some infra-structural features which the concerned councils are not prepared to deal with as of today. But let us assume that the husband is willing to relocate by himself. It is societally undesirable to split up families for indefinite periods of time.

The executive committee took the position that as the Veszprem county workforce begins to search for job opportunities, efforts should be made to reemploy that workforce more or less locally, but by all means within the county. The problem should be resolved among the existing organizations and by creating new workplaces in diverse ways, in small organizations, industrial cooperatives, as well as in industrial organizations serving the agricultural sector. These jobs should provide work that is intelligent, useful and efficient, both from an individual and from a societal viewpoint. The promised financial support to finance such jobs is uncertain at this point. The uncertainty is aggravated in Veszprem county by a one-sided, predominantly extractive industrial structure. There hardly exists a future change in this respect, nevertheless the production structure of the individual enterprises can and must be changed.

### Changing the Way We Think

Above all, however, we must change our way of thinking. Industry leaders should not think about giving jobs to the surplus workforce before the existing workforce becomes productive and efficient. On the other hand, the workers' outlook must also be changed. Even under present conditions, job seekers avoid workplaces which have more than one shift. For the time being, at least, it seems to them that they can find better, more comfortable jobs. This statement is supported by the fact that a number of skilled workers formerly with VAEV rejected jobs